United Nations S/2007/401

Security Council

Distr.: General
3 July 2007

Original: English

Report of the Secretary-General on developments in Guinea-Bissau and activities of the United Nations Peacebuilding Support Office in that country

I. Introduction

1. The present report is submitted pursuant to paragraph 14 of Security Council resolution 1233 (1999) of 6 April 1999, by which the Council requested me to keep it regularly informed on developments in Guinea-Bissau and on the activities of the United Nations Peacebuilding Support Office in Guinea-Bissau (UNOGBIS). In paragraph 11 of its resolution 1580 (2004), the Council also requested me to submit quarterly reports.

2. The present report focuses on developments since my last report dated 20 March 2007 (S/2007/158).

II. Political developments

3. Against a backdrop of months of rising political and social tensions, and a deteriorating economic situation, the three main political parties, the African Party for the Independence of Cape Verde and Guinea (PAIGC), the Social Renewal Party (PRS) and the United Social Democratic Party (PUSD), signed on 12 March, a national political stability pact spanning over 10 years, and a parliamentary and government stability agreement to operationalize the pact in the National Assembly. According to the signatories, the objectives of the pact are to create a solid parliamentary base to ensure stability and create a Government of national consensus. According to the parliamentary and government stability agreement, the Prime Minister would be a PAIGC nominee and ministerial portfolios would be divided as follows: 40 per cent for PAIGC; 40 per cent PRS; 17 per cent for PUSD; and 3 per cent for other parties and civil society groups. The PRS and PUSD leaderships renounced membership of the Forum for the Convergence on Development, which had supported the Government of the then Prime Minister, Aristides Gomes, thus making its survival untenable and creating the political conditions for a new government.

4. The weeks following the signing of the pact were marked by political uncertainty. President Vieira refused a proposal by the signatories of the pact that he dismiss the Government of Prime Minister Gomes and appoint a Government of

national consensus to be led by a Prime Minister nominated by PAIGC. He warned of the negative impact of a change of government in the run-up to a meeting of the International Contact Group on Guinea-Bissau in Lisbon on 26 March. On 19 March, Parliament nonetheless passed a motion of no-confidence against the Government. On 9 April, a decree was published appointing Martinho Dafa Cabi, Third Vice-President of PAIGC, as Prime Minister. Mr. Cabi's Government, the third in the current legislative cycle (2004-2008), was sworn in on 17 April. The composition of the new Government did not reflect the provisions of the Agreement, and the appointment of non-PRS ministers to the key Finance and Interior portfolios gave rise to tensions within PRS. Subsequently, disciplinary measures were applied against PRS First Vice-President Sori Djaló, who had represented the party in negotiations over the composition of the Cabinet. PAIGC holds nine ministerial portfolios, including defence, fisheries and resources; PRS holds six portfolios; and PUSD holds three. The President's information adviser, Baciro Dabó (Independent), was appointed Interior Minister. Issufo Sanhá, who served in the previous government as Minister of Economy, was appointed Minister of Finance, an appointment that was welcomed by international financial institutions and Guinea-Bissau's major development partners.

5. In his speech at the swearing-in ceremony of the Government, Prime Minister Cabi stated that the national political stability pact and the parliamentary and government stability agreement were based on the recognition that the political leaders understood that the country would be able to overcome the various crises it faced only if the national interests were placed above personal and political party considerations. He said that the Government faced enormous and multiple political, economic and social challenges. The greatest challenge would be to find strategies to launch a profound and inclusive reconciliation process, and to create and strengthen the basis for political, parliamentary and government stability. He pledged that his Government's priorities would include discipline and transparency in fiscal management and the pursuit of a permanent and constructive dialogue with all sectors of society. The Prime Minister has stressed to all his interlocutors that since legislative elections would take place in 2008, his Government's mandate would be limited to no more than one year and that its main priorities would be to organize free, fair and transparent elections; place public finances on a sound footing; work towards implementing public administration and security sector reforms; ensure a successful cashew export season; and pay civil service salary arrears. He has also pledged to fight corruption and organized crime.

6. Government activities in the first month following its installation were focused on an assessment of the socio-economic situation and the elaboration of a public finance recovery programme known as the Minimum Public Finance Stability Programme, which was presented to representatives of the World Bank and the International Monetary Fund (IMF) when they visited the country in May. The Government held wide-ranging consultations with national stakeholders and international partners on the financial reform programme and other Government priorities. Parliament held its third ordinary session from 8 to 25 May. It is expected that the Government programme and budget will be submitted to Parliament in June 2007 for approval during the fourth and last session of the current 2006-2007 legislative year. Divisions persist in all parliamentary parties and no party can claim unanimous support for the national political stability pact.

7. On 4 June, the Prime Minister wrote to the Secretary-General requesting support from the United Nations for the legislative elections next year. The National Electoral Commission has initiated preparations for the polls and recently submitted a budget to the Prime Minister. The European Commission has already pledged €800,000 towards the 2008 elections and is currently studying the possibility of further support.

8. The two projects funded by the United Nations Democracy Fund have been launched. The peacebuilding project to be implemented by the International Peacebuilding Alliance and the National Institute for Studies and Research of Guinea-Bissau started its activities in April with a joint exercise on planning and training for participatory consultations. The Institute has begun setting up regional teams to conduct a national peace-mapping exercise through country-wide participatory community consultations. The second project, aimed at strengthening the capacity of Parliament, coordinated by the United Nations Development Programme (UNDP) and jointly implemented by UNOGBIS, the Netherlands Development Organization and the National Democratic Institute of the United States, commenced its activities in April. UNOGBIS and the Netherlands Development Organization trained 15 members of Parliament and two parliamentary staff in leadership and conflict transformation skills in April and May, respectively. Within the scope of the United Nations Democracy Fund project, UNOGBIS and the Netherlands Development Organization are also organizing a conference of women parliamentarians and civil society leaders from Senegal and Guinea-Bissau to discuss cross-border conflicts.

9. The activities of the Estados Gerais dialogue initiative have been hampered by resource constraints. UNOGBIS will be assisting the initiative to organize a focus group with political and civil society actors to review the political context and identify areas where its activities could be maximized. Nine civil society organizations involved in conflict resolution, including faith-based organizations, attended a conflict transformation workshop in May. The training is the preliminary stage of a workshop for the training of trainers in conflict transformation, to be held in the last quarter of 2007.

III. Economic and social aspects

10. The socio-economic and financial situation has continued to deteriorate. Economic growth in 2006 declined to 1.8 per cent, compared to 4.5 per cent in 2005. Although the recent IMF mission to Guinea-Bissau in June noted improvement in revenues, the apparent improvement did not meet budgetary targets. Civil servants are owed four months of salary arrears. The outlook for the rest of 2007 is grim. Revenues between January and April were 15 per cent below the levels in 2006 and are projected to decline further. The financial gap increased from $10 million to $40 million. The Government will have to repay commercial loans and treasury bills taken out by the previous Government when expected budgetary support from the World Bank and other partners was not disbursed at the end of 2006 and in early 2007. Guinea-Bissau is still under sanctions imposed by the African Development Bank due to its failure to meet scheduled debt servicing payments in January 2007. Current debt servicing payments amount to $1,528,424. A further payment of $1.7 million is due on 1 July. The rehabilitation works

financed by the Bank at the Simão Mendes National Hospital have been affected as all disbursements to contractors were halted in March.

11. The Government has put in place a minimum programme to re-establish fiscal stability. Its action plan aims to adopt measures to increase revenue, reduce expenditure, improve fiscal management and strengthen controls, enhance cash flow liquidity, clear civil service arrears and resume relations with the Bretton Woods institutions. Soon after taking office, the Government centralized public accounts and put an end to compensation tax payments. Some reforms envisaged in the minimum programme, such as limiting tax concessions and restricting non-budgetary expenditure, have already been put in place. The Treasury Committee was relaunched and strengthened. Representatives from civil society, defence and security forces, veterans and donors were appointed as observers. The Government requested international assistance to fund an audit of all sources of government revenue. It will also audit domestic arrears accumulated between 2000 and 2006 and payments of some of these arrears between 2006 and 2007.

12. A multisector World Bank mission, focusing on energy, private sector development and macroeconomic issues, visited the country from 7 to 11 May. The disagreement over the Government's handling of a multisector infrastructure rehabilitation project that had led to suspension of budgetary support in December 2006 was overcome, and implementation of the project, which is crucial for tackling the urgent energy and water supply needs of the country, is expected to begin in June. The possibility of the World Bank extending budgetary support to the Government was also discussed. The World Bank mission was followed by an IMF mission from 22 May to 6 June, which reviewed economic development and discussed the possibility of emergency post-conflict assistance. It worked with the Government on a fiscal framework for the rest of 2007 aimed at improving public finances and agreed to recommend emergency post-conflict assistance for Guinea-Bissau to the IMF Executive Board in July, on the condition that the financing gap would be bridged. If approved, the assistance would run from July to December 2007 and would be renewable for periods of six months, up to a maximum of three years. IMF stressed that the involvement of donors was essential to support and follow up the measures adopted by the new Government.

13. The Government, with the support of UNDP, organized a meeting with international partners in Dakar on 7 June for a debriefing by the IMF mission and to follow up on the donor round table conference in Geneva in November 2006. IMF commended the fiscal reform measures contained in the financial reform programme. The Government used the opportunity to highlight the fact that it had re-established good working relations with the Bretton Woods institutions and to lobby the country's international partners to assist in bridging the financial gap. The African Development Bank pledged $1.7 million and France pledged €300,000.

14. The European Union and Guinea-Bissau signed a new fisheries partnership agreement in Brussels on 23 May. According to the new agreement, there will be an annual contribution of €7 million supplemented by an annual specific contribution of €500,000 to improve sanitary conditions in the fisheries sector of Guinea-Bissau and to strengthen monitoring, control and surveillance of its territorial waters. On 5 June, the European Commission and the Government signed a convention granting €6.2 million in budgetary support.

15. The cashew export season started very slowly owing to depressed demand caused by the withdrawal of important foreign buyers from the market and poor financing mechanisms to assist local buyers. The Government set a reference price of CFA 200 per kilogram (approximately $0.40 dollars) of unprocessed cashew. Buyers argue that the reference price is not competitive and would be prejudicial to them as it does not reflect international prices. Many producers, faced with low demand, imminent rains and lack of adequate storage, have been selling their produce at between CFA 50 and 75 per kilogram. This is substantially below last year's levels, when the lower range was between CFA 75 and 125 per kilogram. Only 20 per cent of the volume exported over the same period last year is in Bissau port awaiting shipment. The National Farmers' Association organized a march on 5 June to call on the Government to increase the reference price. According to the joint cashew market and food security review, conducted by the Ministry of Agriculture, the Food and Agricultural Organization of the United Nations and the World Food Programme (WFP) in April, Government interventions in 2006 caused a collapse in producer prices and a loss by stockholders of an estimated $23 million. As cashew accounts for some 30 per cent of gross domestic product, the social and economic consequences of repeated poor performance in the cashew sector would be severely damaging to the economy of Guinea-Bissau.

16. Labour unrest has diminished since the appointment of the new Government, which has shown itself to be more open to dialogue. However, considerable hardship is being caused by unpaid salaries and rising prices. The teachers' union, Sinaprof, warned on 6 June that the end of the school year could be compromised if teachers went on strike over unpaid salaries. The health sector unions have also threatened to go on strike over salary arrears and conditions of service. According to a food security report by the Ministry of Agriculture and WFP in March, food insecurity rates exceed 50 per cent in some parts of the country. WFP supplementary feeding and food-for-work programmes will be intensified. An anti-tetanus campaign targeting 320,000 women of child-bearing age is being funded and organized by the United Nations Children's Fund (UNICEF) with technical support from the World Health Organization. Parliament passed legislation on HIV/AIDS focusing on the rights of people living with HIV/AIDS. The Government has also adopted the national plan for the prevention of mother-to-child transmission.

IV. Military and security aspects

17. During the reporting period, progress in the sphere of security sector reforms has been minimal. The last meeting of the security sector reforms steering committee, which includes the United Nations and major donors, was held on 12 March. The new Government announced a new organizational framework for security sector reforms in May. The new interministerial committee and steering committee were sworn in on 11 June. International partners, including UNOGBIS and UNDP, are represented on the new steering committee. There are two seats for civil society groups. The technical committee was sworn in on 12 June. It includes representatives from key ministries, including defence, justice and interior. UNOGBIS and UNDP are also represented on the technical committee.

18. With regard to resources for security sector reforms, the Economic Community of West African States (ECOWAS) approved a financial package of $2 million in May for an agricultural training reinsertion project for senior military officers. The

project will be implemented by UNDP, and the Ministry of Foreign Affairs of Brazil is studying proposals for a Brazilian implementing agency. The protocol of cooperation signed between the Ministers of Defence of Brazil and Guinea-Bissau in Brazil on 6 June 2006 has not yet been ratified by the Government of Brazil and, therefore, the programme is not yet fully operational. At this time, only nine cadets are being trained in Brazil. A joint mission from the European Commission and the Council of Europe was in Bissau from 6 to 10 May to prepare a security sector reforms support project. The European Commission has confirmed its intention to provide €7.7 million in assistance for a demobilization and reinsertion programme. A mission led by the Minister of Defence of South Africa also visited Guinea-Bissau from 3 to 4 April to discuss proposed defence cooperation.

19. A United Nations inter-agency mission led by the Office for Disarmament Affairs, and composed of representatives from the Office, the Department of Economic and Social Affairs, the United Nations Office on Drugs and Crime (UNODC) and the ECOWAS Small Arms Control Project visited Bissau from 14 to 18 May to reactivate the small arms pilot project prepared in 2005. The mission reviewed the two-year project of the national commission to combat the proliferation of small arms and light weapons and extended it for an additional three years, from 2007 to 2010.

20. UNOGBIS military advisers have submitted training proposals to the Chief of General Staff aimed at training officers to improve their effectiveness in applying military regulations. UNOGBIS organized training in the region of Bolama on 30 March for 15 police officers, including three women, on the code of conduct and the use of force.

21. The use of Guinea-Bissau as a transit point for illegal drugs from Latin America bound for Europe remains an issue of major concern to the authorities and international partners. On 3 April, the Criminal Investigation Police intercepted a vehicle containing 635 kg of cocaine. Two military personnel and one civilian were in the vehicle. The military personnel were handed over to the military authorities, and an investigation was initiated. However, the two officers were later released. The human and material resources of law enforcement agencies are woefully inadequate to address this growing problem. In an attempt to come to grips with the problem, the Government has created an inter-ministerial commission to investigate the disappearance of 670 kg of cocaine, which was seized by the Criminal Investigation Police on 24 September 2006 and transported to the vault of the Ministry of Finance for safekeeping. As a result of that investigation, the Director-General of the Criminal Investigation Police and another senior official were dismissed. In follow-up to a UNODC mission to Bissau in early March, the Office will post a senior law enforcement specialist to Bissau to assist in the development of a country strategy to combat drug trafficking. The specialist, whose assignment will be funded by UNDP, will operate under the overall supervision of UNOGBIS.

22. Incidents of illegal immigration are also increasing. On 29 April, 66 people from eight countries in the region, including Guinea-Bissau, were detained by border guards as they tried to leave the country on board a boat bound for the Canary Islands.

23. During the reporting period, the National Mine Action Coordination Centre, supported by UNDP, focused its efforts on the threat from explosive remnants of war in and around the capital city. Contamination of highly populated areas of

Bissau has put the population at risk since the 1998-1999 military conflict, when the Brá military base in Bissau was struck by rockets and munitions storage depots were destroyed. In addition, populated areas in close proximity to the capital were heavily contaminated due to improper destruction of munitions by the military in the post-independence period. Members of the international NGO Cleared Ground Demining and explosive ordnance disposal technicians from the United States Air Force worked with the national NGO Lutamos Todos Contra as Minas and the national NGO Humaid to improve national technical capacity. Initial evaluations of insecure storage of munitions currently held by the military were conducted. Several munitions storage facilities, notably in Bissau, contain munitions in compromised condition that are improperly stored and should be destroyed. Efforts are now under way to mount a joint project between National Mine Action Coordination Centre and the armed forces to address this problem. NGO technicians trained during the capacity development phase described above will be qualified to deal with this issue. Between March and the beginning of June, 381,169 square metres were cleared and 2,025 unexploded ordnance, 4 anti-personnel mines and 2 sea mines, destroyed.

V. Human rights aspects

24. During the period under review, UNOGBIS continued to maintain contact with the authorities regarding the 12 people detained since March 2006 at the Air Force base in connection with fighting on the northern border with Senegal's Casamance region. Although the regional military court found that there was no basis for charges against them, on 30 April, the same court sentenced three military officers for treason and collaboration with the enemy. The officers have lodged appeals against the sentence to the High Military Court. The International Committee of the Red Cross has access to the detainees.

25. UNOGBIS, in partnership with the Faculty of Law of Bissau, organized seminars on 24 April and 12 June for members of Parliament on proposed amnesty and existing legislation. The seminars drew attention to the provisions of resolution 1580 (2004) on amnesty and the issues of justice and impunity. The parliamentary leaders requested two more seminars on the same subject and technical advice from the Faculty of Law. The two additional seminars were organized on 12 and 19 June.

26. Civil society organizations hope that the new Government will take action to fight increasing criminality and impunity and improve the social rights of workers. The appointment of five women ministers, including to the key foreign affairs portfolio, was welcomed by civil society groups. UNOGBIS supported the event "Days of reflection on the role of women in national reconciliation, peace consolidation and respect for women's rights", organized by the Federation of Women of Guinea-Bissau between 9 and 10 April. The event included a radio debate and seminar on access of women to power and development. Following the seminar, a contact group was created to lobby political parties to appoint more women to senior party and government positions. UNOGBIS, in collaboration with UNICEF and the Institute of Women and Children, organized a workshop on the Convention on the Elimination of All Forms of Discrimination against Women from 2 to 3 April. Thirty-two participants from civil society groups, Parliament and Government ministries attended the seminar, whose main objective was to disseminate the

Convention and its protocol, as well as to discuss the draft text of Guinea-Bissau's initial State report on the Convention.

27. UNOGBIS organized two workshops on reporting and interviewing skills for 24 radio and print journalists in May. The workshops also included sessions on the role of parliamentarians and the Constitution. Eight radio programmes on dialogue and reconciliation, security sector reforms, small arms and human rights were broadcast on national and community radios from 8 March to 26 April. While freedom of the press is generally respected, a journalist working for a foreign newspaper was detained in May while working on a news story on drug trafficking in the country. On 3 May, a group of journalists established an organization to monitor freedom of the press.

VI. Observations and recommendations

28. The cycles of political and governmental instability in Guinea-Bissau have impeded the pursuit of the medium- and long-term economic stabilization and development policies needed to improve the lives of the people of Guinea-Bissau. This institutional upheaval also undermines the confidence of the country's international partners. The political and government stability pact is a welcome development if it leads to a more consensual approach to politics and improves Government stability. However, the signing of the pact should constitute a commitment to inclusive politics, and not result in the creation of yet another cycle of political exclusion. I therefore urge all political actors to reinforce genuinely inclusive political, parliamentary and government stability.

29. I commend the new Government for quickly re-establishing constructive and fruitful working relations with the Bretton Woods institutions. I am pleased that differences with the World Bank have been overcome and that the important programmes that were suspended have been revived. I wish to underscore the decision of the IMF mission to recommend emergency post-conflict assistance to its Executive Board. I hope this decision will reduce the reticence of those international partners who have taken a wait-and-see attitude. The Bretton Woods institutions are emphatic that the emergency post-conflict assistance is crucial to the Government's objectives to set Guinea-Bissau's finances on a sound footing so that it may implement the medium-term poverty reduction and security sector reform strategies. Emergency post-conflict assistance is conditional on the support of the international partners, and I appeal to the international partners to give the Government that urgent injection of financial support. I also call on donors to honour the pledges made at the round table in Geneva in November 2006.

30. I am encouraged that the Government has taken the first step to win the confidence of its partners by developing the Minimum Public Finance Stability Programme, which, if implemented, will ensure good governance, transparency and accountability of public finances. It was emphasized at the recent conference in Dakar that the emergency post-conflict assistance represented a last chance for Guinea-Bissau. Recent years have seen lost opportunities and growing disillusionment among the people of Guinea-Bissau and its friends. I also call on the Government and all stakeholders to work towards political and Government stability, and the pursuit of good governance.

31. With regard to the security sector reforms process, it is important that the momentum created in 2005 and 2006 is rekindled. The Government and all stakeholders must focus on putting in place a plan of action to operationalize the security sector reforms strategy plan, so that the necessary framework legislation may be put in place. Organized crime, in particular drug trafficking, is a new and growing problem in Guinea-Bissau. It poses a major danger to the State and the fabric of the society. I encourage the authorities to fight organized crime while ensuring respect for due process in its efforts.

32. I received a letter from the Prime Minister on 4 June requesting United Nations assistance in organizing the legislative elections in 2008. I take the opportunity to assure the Government of the availability and willingness of the United Nations to assist Guinea-Bissau. The elections will be a test of the ability of the country to exercise democratic governance. They will also be a key benchmark for the exit strategy of UNOGBIS. It is important that the polls be held in a political climate conducive to peaceful elections. The role of all political actors will be essential, and I urge them to ensure that democratic competition does not undermine social peace and stability.

33. I should like to conclude by commending the staff of UNOGBIS, under the leadership of my Representative, Shola Omoregie, as well as the personnel of the entire United Nations country team, for the important work they continue to carry out in Guinea-Bissau, often under challenging circumstances.